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33% of U.S. No-Alcohol Drinkers Now Choose CBD and Functional Beverages

Millennials and Gen Z drive surge in alcohol adjacent drinks as demand for relaxation and mood enhancement outpaces traditional no-alcohol options

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Alcohol adjacent beverages, including drinks infused with CBD, nootropics, and adaptogens, are gaining traction among younger legal drinking age consumers in the United States and other leading markets. These products are not primarily seen as

health-oriented alternatives to alcohol, but rather as functional beverages that offer specific effects such as relaxation, mood enhancement, or increased focus. The trend is particularly strong among Millennials and Gen Z, who now make up more than 75% of the alcohol adjacent consumer base across the top 10 no/low alcohol markets.

Recent data from IWSR's No/Low-alcohol Strategic Study 2025 shows that no/low alcohol volumes in the world's top 10 markets grew by 4% in 2024, with value increasing by 6%. Projections for 2025 indicate a 9% volume gain for no-alcohol products, while low-alcohol options are expected to decline by 2%. By 2029, no-alcohol volumes are forecast to expand by 36%. While traditional no-alcohol analogues like beer, wine, ready-to-drink cocktails, and spirits still dominate the category in terms of volume, alcohol adjacent products are growing rapidly. IWSR projects an 11% increase in volumes for these products in 2025.

Consumer research from IWSR highlights a significant rise in the consumption of alcohol adjacents among no-alcohol drinkers. In 2025, incidence reached 19% across the top 10 markets, up from previous years. In the U.S., this figure is even higher at 33%, and among Gen Z consumers it stands at 30%. Susie Goldspink, head of no/low insights at IWSR, notes that "consumer awareness of mental health, anxiety disorders and stress management is at an all-time high." She adds that functional products targeting these issues or aiming to improve sleep quality or energy levels are increasingly popular. Many new product lines offer a range of effects such as uplift, unwind, calm, or focus.

Alcohol adjacent beverages include non-intoxicating hemp drinks like CBD beverages; functional drinks with nootropics or adaptogens; and non-functional products that mimic alcoholic cues using botanicals or vinegar bases. Sparkling teas and fermented drinks also fall into this category. These beverages appeal to consumers seeking specific functional benefits rather than simply looking to reduce their alcohol intake.

The motivation for purchasing alcohol adjacents differs from other no-alcohol products. Rather than being driven by health concerns or a desire to cut back on alcohol, many consumers use these drinks to replicate some of the effects associated with alcohol—such as unwinding after work or enhancing social experiences—without

intoxication. According to Goldspink, “60% of Gen Zs are now moderating their alcohol intake,” but they do not necessarily see alcohol adjacents as substitutes for alcoholic beverages. Instead, they value the functional benefits these drinks provide.

Interest in alcohol adjacents varies widely by market. The U.S. and Canada lead in both product availability and consumer adoption. In the U.S., 85% of no/low consumers are open to trying or have already tried alcohol adjacents; in Canada, this figure is 78%. In contrast, only 33% of Japanese consumers and 43% of French consumers express similar openness. Preferences for functional benefits also differ: Japanese consumers show a strong preference for sleep-supporting products while German consumers favor energy-boosting options. In Australia, Canada, the UK and the U.S., top preferences include unwinding, energy enhancement and mood improvement.

Despite their growth potential, alcohol adjacent beverages face several barriers. Availability remains a major challenge: 60% of no-alcohol buyers say limited access prevents them from consuming these products more often. This compares to lower figures for other categories such as no-alcohol spirits (50%), RTDs (48%), wine (46%) and beer (35%). Goldspink points out that shelf space competition is fierce for this emerging category. Price perception is another obstacle; many consumers view these drinks as expensive compared to traditional options.

Another issue is confusion over where to find these products in stores. Alcohol adjacents may be stocked with soft drinks, energy drinks or no/low alcohol sections; some are refrigerated while others are not; packaging formats also vary widely. This lack of consistency can make it difficult for shoppers to locate them easily. Industry experts suggest that clearer category management by retailers could help normalize and grow the segment.

As consumer interest continues to shift toward functional beverages with specific effects rather than just health claims or alcohol reduction strategies, industry analysts expect continued innovation and growth in the alcohol adjacent space—especially among younger adults seeking new ways to socialize and relax without traditional alcoholic drinks.